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**Thomas J. Sadowski**  
Director

### **MEMORANDUM**

**TO:** State Agencies  
**FROM:** OA Accounting  
**DATE:** September 26, 2006  
**RE:** Master Lease Program

Recently, the Office of Administration, Division of Purchasing and Materials Management, sent a notification of statewide contract relating to the Master Lease Program which is viewable at <http://www.oa.mo.gov/purch/contracts/index.htm> contract number C206031001. When the master lease financing is utilized, the SAMII coding instructions contained in this memo should be utilized.

The master lease is a capital lease because the State has title to the property after the lease term is complete. Therefore, all property purchased must be recorded on the SAMII general ledger and the fixed asset subsystem. The Division of Accounting will monitor purchases made thru the Master Lease Program. Agencies will be responsible for the following:

- Process a journal voucher (JV) which records the asset and lease obligation on the SAMII general ledger. List the master lease number (assigned by OA Accounting) in the description field.

Record the asset and lease obligation at the cost which includes principal payments only.

DR: Asset (BS Account 1701-1730) XXX  
CR: Obligation Under Master Lease (BS Acct 2541) (XXX)

- Process a Fixed Asset Acquisition (FA) document in the fixed asset subsystem with an acquisition method of "L" for leases at the purchase price.
- Forward the JV number and the corresponding FA number to OA Accounting for tracking purposes. The mailbox of [OASAMIIFixedAssets@oa.mo.gov](mailto:OASAMIIFixedAssets@oa.mo.gov) may be used.

- Process quarterly payment documents for principal and interest listing the master lease number in the description field. The accounting line for principal payments (object code 2877-2892 and 2898-2909) must reference balance sheet account 2541 – Obligations Under Master Lease. The accounting line for interest (object 2853) must include a sub object code of 03 indicating master lease.

Please contact the OA Accounting mailbox at [OASAMIFixedAssets@oa.mo.gov](mailto:OASAMIFixedAssets@oa.mo.gov) with questions regarding the appropriate processing of documents.